

Paul calls bailout of South Korea 'irresponsible' *Leading congressional critic of action says Wall Street bankers benefit, taxpayers hurt*

FOR IMMEDIATE RELEASE: Friday, December 5, 1997 WASHINGTON, DC - Calling the recently announced "bailout" of South Korea - the largest bail-out ever - an "irresponsible action that hurts middle-class American taxpayers to the benefit of Wall Street bankers and investors," US Representative Ron Paul (R-Surfside, Texas) said this latest action only reaffirms his call to end the taxpayer subsidization of foreign economies and domestic brokers.

It was announced this week that the South Korean economy would be "bailed out" with \$55 billion in international aid, much of which coming directly or indirectly from US taxpayers. The sources will come from the International Monetary Fund, the World Bank, the Asian Development Bank, as well as monies from the United States and other nations.

"The policy of using taxpayer-money to bailout foreign economies is reckless," said Paul. "I have long maintained that this policy needlessly puts taxpayers at risk of default from nations which have proven they cannot manage their own affairs. Further, it weakens the US economy by devaluing the dollar and stimulating inflation. But this policy does not even do what the politicians rhetoric claims it does; the American people are sold this bag of tricks on the basis that it is 'humanitarian' and helps the people of the recipient nation. In reality, the money never helps those people and serves only to insulate the New York bankers from their bad investments in unstable regions. The Wall Street investors take a risk when they put capital in unstable regions; they deserve to reap the rewards of those risks when things go well, but the taxpayer should not be called upon to cover investors losses when the gamble goes sour."

Paul added that these bailouts often go to prop-up "corrupt governments and their business cronies."

"One need look no further than Indonesia and its horrific anti-human-rights record, yet the taxpayers of the United States are forced to continue footing the bill for bailing out that most corrupt of nations. In the South Korean case, the South Korean government forced that nation's banks to give risky loans to favored national industries over the banks objections. While this scheme may have appealed to the command-economists' national pride, it has resulted in the toppling of their economy. The American taxpayer simply bears no responsibility for putting right the stupid, anti-free-market decisions of foreign governments."

Paul said that besides being bad free-market economics, the bailout runs contrary to the will of the American public, whose money is used in these "schemes."

"With the exception of the big bankers, I never hear from anyone who wants to sacrifice taxpayer dollars to go over there to bail some country out. This is not how the American people want their tax dollars used."

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